

WATERBERG DISTRICT MUNICIPALITY

AUDITED ANNUAL FINANCIAL STATEMENTS 2009/10



Waterberg
District Municipality

on the Go for Growth

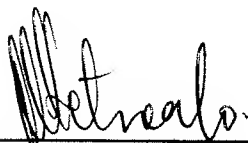
WATERBERG DISTRICT MUNICIPALITY

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

I am responsible for the preparation of these annual financial statements which are set out on pages 6 to 52, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the municipality.

I certify that the salaries, allowances and benefits of Councilors as disclosed in note 24 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act, the Minister of Provincial and Local Government's determination in accordance with this Act and Government Notice 1225 of Government Gazette no 32833 dated 21 December 2009.

I have complied with the disclosure requirements in terms of section 122 to 126 of the Municipal Finance Management Act, No 56 of 2003.



M V LETSOALO
MUNICIPAL MANAGER

06.12.2010
DATE

INDEX

The reports and statements set out below comprise the annual financial statements:

CONTENTS	PAGE(s)
AUDIT REPORT	1 - 5
STATEMENT OF FINANCIAL POSITION	6
STATEMENT OF FINANCIAL PERFORMANCE	7
STATEMENT OF CHANGES IN NET ASSETS	8
CASH FLOW STATEMENT	9
ACCOUNTING POLICIES	10 - 22
NOTES TO THE ANNUAL FINANCIAL STATEMENTS	23 - 46
APPENDIX A: SCHEDULE OF EXTERNAL LOANS	47
APPENDIX B: ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT	48
APPENDIX C: SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT	49
APPENDIX D: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE	50
UNAUDITED INFORMATION - APPENDIX E(1): ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE)	51
UNAUDITED INFORMATION - APPENDIX E(2): ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT)	52



AUDITOR - GENERAL
SOUTH AFRICA

The Accounting Officer
Waterberg District Municipality
Private Bag X1018
Modimolle
0510

30 November 2010

Reference: 08005REG09/10

Dear Sir

Report of the Auditor-General on the financial statements and other legal and regulatory requirements of Waterberg District Municipality for the year ended 30 June 2010

1. The above-mentioned report of the Auditor-General is submitted herewith in terms of section 21(1) of the Public Audit Act of South Africa read in conjunction with section 188 of the Constitution of the Republic of South Africa [section 121(3) of the Municipal Finance Management Act of South Africa (MFMA)].
2. We have not yet received the other information that will be included in the annual report with the audited financial statements and have thus not been able to establish whether there are any inconsistencies between this information and the audited financial statements and the reported performance against pre-determined objectives. You are requested to supply this information as soon as possible. Once this information is received it will be read and should any inconsistencies be identified these will be communicated to you and you will be requested to make the necessary corrections. Should the corrections not be made we will amend and reissue the audit report.
3. In terms of section 121(3) you are required to include the audit report in the municipality's annual report to be tabled.
4. Until the annual report is tabled as required by section 127(2) of the MFMA, the audit report is not a public document and should therefore be treated as confidential.
5. Prior to printing or copying the annual report which will include the audit report you are required to do the following:
 - Submit the final printer's proof of the annual report to the relevant senior manager of the Auditor-General of South Africa for verification of the audit-related references in the audit report and for confirmation that the financial statements and other information are those documents that have been read and audited. Special care should be taken with the page references in your report, since an incorrect reference could have audit implications.
 - The signature *Auditor-General* in the handwriting of the auditor authorised to sign the audit report at the end of the hard copy of the audit report should be scanned in when preparing to print the report. This signature, as well as the place and date of signing and the Auditor-General of South Africa's logo, should appear at the end of the report, as in

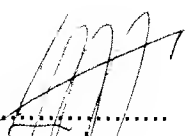
the hard copy that is provided to you. The official logo will be made available to you in electronic format.

6. Please notify the undersigned Senior Manager well in advance of the date on which the annual report containing this audit report will be tabled.
7. Your cooperation to ensure that all these requirements are met would be much appreciated.

Kindly acknowledge receipt of this letter.

Yours sincerely

Signed



.....
Senior Manager : Lawrence Nevuhutalu

Enquiries: Lawrence Nevuhutalu

Telephone: (015) 299 4400

Fax: (015) 299 4765

AUDITOR'S REPORT OF THE AUDITOR-GENERAL TO THE LIMPOPO LEGISLATURE AND THE COUNCIL ON THE WATERBERG DISTRICT MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Waterberg District Municipality, which comprise the statement of financial position, the statement of financial performance, the statement of net changes in assets and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages x to x.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and in the manner required by the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor-General's responsibility

3. As required by section 188 of the Constitution of South Africa, 1996 (Act No. 108 of 1996), section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and section 126(3) of the MFMA, my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing and *General Notice 1570 of 2009* issued in *Government Gazette 32758 of 27 November 2009*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

7. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Waterberg District Municipality for the year ended 30 June 2010, and its financial performance and its cash flows for the year then ended, in all material respects, in accordance with Statement of Generally Recognised Accounting Practice (GRAP) and in the manner required by the MFMA.

Emphasis of matter

8. I draw attention to the matters below. My opinion is not modified in respect of these matters:

Irregular Expenditure

9. As disclosed in note 34.2 to the financial statements, irregular expenditure to the amount of R794 134 was incurred on a payment made without following the requirements of the supply chain management policy (SCM).

Significant underspending

10. As disclosed in Appendix E1, the municipality had as expenditure budget of R96 799 213 and incurred operating expenditure of R79 040 533. This resulted in the budget being underspent by R17 758 680.

Additional matters

11. I draw attention to the matters below. My opinion is not modified in respect of these matters:

Unaudited supplementary schedules

12. The supplementary information set out on pages X to X does not form part of the financial statements and is presented as additional information. I have not audited this and accordingly I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

13. In terms of the PAA of South Africa and *General notice 1570 of 2009*, issued in *Government Gazette No. 32758 of 27 November 2009*, I include below my findings on the report on predetermined objectives, compliance with the following key laws and regulations and financial management (internal control).

Predetermined objectives

14. There were no material findings on the report on predetermined objectives as set out on pages [XX] to [XX].

Compliance with laws and regulations

MFMA

Expenditure was incurred in contravention of or not in accordance with applicable legislation resulting in irregular expenditure

15. As disclosed in note 34.2 of the financial statements, expenses to the amount of R794 123 was incurred that were not in accordance with the District Municipality's SCM Policy. This resulted in irregular expenditure as defined in section 1 of the MFMA.

Municipal Systems Act of South Africa, 2000 (Act 32 of 2000) (MSA)

Supply Chain Management legislative requirements were not implemented or adhered to

16. Annual declarations of interest were not available for 27 councillors. As a result, I was unable to verify that interest was disclosed as prescribed by schedule 1 of the MSA.

INTERNAL CONTROL

17. I considered internal control relevant to my audit of the financial statements and the report on predetermined objectives and compliance with the MFMA and MSA, but not for the purposes of expressing an opinion on the effectiveness of internal control.
18. The matters reported are limited to the significant deficiencies that gave rise to the findings on compliance with laws and regulations.

- **Leadership**

- Oversight responsibility*

- The accounting officer does not exercise oversight responsibility over reporting and compliance with laws and regulations and internal control.

Auditor-General

Polokwane

30 November 2010



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

WATERBERG DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2010

	Note	2010 R	2009 R
ASSETS			
Current assets		113 975 862	104 156 756
Cash and cash equivalents	1	87 618 797	92 061 865
Trade and other receivables from exchange transactions	2	26 932	41 775
Other receivables from non-exchange transactions	3	1 398 063	269 540
Inventory	4	80 614	101 332
Held-to-maturity investments	5	22 102 744	10 088 767
VAT receivable	6	2 721 962	1 567 952
Non-current assets held for sale	7	26 750	25 525
Non-current assets		47 928 812	39 036 391
Non-current receivables	8	2 025	39 877
Property, plant and equipment	9	46 995 540	37 872 915
Intangible assets	10	931 247	1 123 599
Total assets		161 904 674	143 193 147
LIABILITIES			
Current liabilities		9 030 894	14 126 142
Trade- and other payables	11	5 599 869	7 508 565
Consumer deposits	12	7 100	10 865
Provisions	13	179 830	172 254
Unspent conditional grants and receipts	14	2 173 462	5 379 439
Current portion of retirement health care liability	15	913 953	919 049
Current portion of long service awards liability	16	156 680	135 970
Non-current liabilities		9 605 425	9 448 576
Retirement health care liability	15	8 789 926	8 712 615
Long service awards liability	16	815 499	735 961
Total liabilities		18 636 319	23 574 718
Net assets		143 268 355	119 618 429
NET ASSETS			
Retained surplus and other reserves		143 268 355	119 618 429
Accumulated surplus and other reserves	30	143 268 355	119 618 429
Total net assets		143 268 355	119 618 429

WATERBERG DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 R	2009 R
REVENUE			
Regional Services Levies - turnover		-	205 215
Service charges	17	833 918	961 714
Rental of facilities and equipment	18	-	28 803
Interest earned - external investments	19	8 628 145	12 198 488
Interest earned - outstanding receivables	20	34 753	40 495
Government and other grants	21	93 075 424	78 865 121
Public contributions and donations	22	-	437 500
Bad debts recovered		1 446	-
Other income		116 773	121 031
Total Revenue		102 690 459	92 858 367
EXPENDITURE			
Employee related costs	23	(32 171 368)	(28 904 459)
Remuneration of councillors	24	(3 791 832)	(3 648 254)
Post-retirement health care expenditure	15	(469 682)	(962 463)
Long-service award expenditure	16	(190 978)	(190 192)
Provision for doubtful debt		(44 786)	(86 311)
Depreciation and amortisation	25	(2 933 430)	(2 272 001)
Repairs and maintenance		(486 445)	(460 296)
Contracted services	26	(5 904 908)	(3 293 905)
General expenses	27	(11 239 867)	(11 917 663)
Project expenditure		(21 590 715)	(30 443 189)
MIG expenditure		-	(1 614 965)
Total Expenditure		(78 824 011)	(83 793 698)
Gain / (Loss) on sale of assets	28	(216 522)	93 150
Reversal of impairment loss	29	-	351 790
SURPLUS FOR THE YEAR		23 649 926	9 509 609

Refer to Appendix E(1) for the comparison with the approved budget

WATERBERG DISTRICT MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2010

	Note	Revaluation Reserve	Government Grant	Donations and Public Reserve	Accumulated Surplus	Accumulated Surplus and Other Reserves	Total
		R	R	R	R	R	R
2009							
Balance at 1 July 2008		-	1 181 026	1 993 284	106 934 510	110 108 820	110 108 820
Net surplus for the year					9 509 609	9 509 609	
Capital grants used to obtain PPE			16 720		(16 720)	-	
Donated/contributed PPE				437 500	(437 500)	-	
Disposal of assets			(3 870)	(159 675)	163 545	-	
Offsetting of Depreciation			(112 411)	(384 586)	496 997	-	
Balance at 30 June 2009			1 081 465	1 886 523	116 650 441	119 618 429	119 618 429
2010							
Balance as at 1 July 2009		-	1 081 465	1 886 523	116 650 441	119 618 429	119 618 429
Net surplus for the year					23 649 926	23 649 926	
Capital grants used to obtain PPE			-		-	-	
Donated/contributed PPE			-		-	-	
Disposal of assets			(5)	(25 525)	25 530	-	
Offsetting of Depreciation			(83 280)	(235 377)	318 657	-	
Balance at 30 June 2010			998 180	1 625 621	140 644 554	143 268 355	143 268 355

Note 30

WATERBERG DISTRICT MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 R	2009 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts:			
Sales of goods and services		750 130	1 354 318
Grants		89 869 449	81 019 423
Interest received		8 662 898	12 238 983
Other receipts		115 394	114 448
Payments:			
Employee costs		(36 314 497)	(32 052 559)
Suppliers		(10 296 420)	(8 132 778)
Project expenditure		(23 656 936)	(30 386 553)
Interest paid		-	-
Fire fighting expenditure		(4 974 164)	(2 790 973)
Vat		(1 154 010)	(724 490)
Other payments		(3 387 335)	(4 107 692)
Net cash flows from operating activities	31	19 614 509	16 532 127
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(12 337 752)	(6 930 611)
Purchase of intangible assets		(94 700)	(887 516)
Proceeds on sale of property, plant and equipment		351 000	247 632
Proceeds from recovery of investments		-	468 584
Decrease/(Increase) in held-to-maturity investments		(12 013 977)	3 038 959
Decrease/(Increase) in long term receivables		37 852	(4 050)
Net cash flows from investing activities		(24 057 577)	(4 067 002)
Net increase in net cash and cash equivalents		(4 443 068)	12 465 125
Net cash and cash equivalents at beginning of year		(92 061 865)	(79 596 740)
Net cash and cash equivalents at end of year	32	87 618 797	92 061 865

WATERBERG DISTRICT MUNICIPALITY
ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2010

1. BASIS OF ACCOUNTING

1.1 BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, but some components are measured at fair value as indicated in subsequent accounting policy notes.

The financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practices (GRAP) prescribed by the Minister of Finance in terms of:

- *Government Notice 991 of 2005, issued in Government Gazette no. 28095 of 15 December 2005;*
- *Government Notice 992 of 2005, issued in Government Gazette no. 28095 of 15 December 2005; and*
- *Government Notice 516 of 2008, issued in Government Gazette no. 31021 of 9 May 2008.*

The standards comprise of the following:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interests in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 100	Non-current Assets Held for Sale and Discontinued Operations
GRAP 101	Agriculture
GRAP 102	Intangible Assets

Directives and Guidelines form part of the GRAP Reporting Framework. The ASB Directive and Guidelines applicable to Waterberg District Municipality comprise the following:

Directive 1	Repeal of Existing Transitional Provisions in, and Consequential Amendments to, Standards of GRAP
Directive 4	Transitional Provisions for the Adoption of Standards of GRAP by Medium and Low Capacity Municipalities
Directive 5	Determining the GRAP Reporting Framework
Directive 7	The Application of Deemed Cost on the Adoption of the Standards of GRAP

WATERBERG DISTRICT MUNICIPALITY
ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2010

1.1 BASIS OF PRESENTATION (continued)

Effective accrual based IPSASs considering the provisions in paragraphs 16 to 19 of Directive 5 applicable to Waterberg District Municipality comprise the following:

IPSAS 20	Related Party Disclosures
----------	---------------------------

Effective IFRSs and IFRICs that are applied considering the provisions in paragraphs 21 to 27 of Directive 5 applicable to Waterberg District Municipality comprise the following:

IFRS 7	Financial Instruments: Disclosures
IAS 19	Employee Benefits
IAS 32	Financial Instruments: Presentation
IAS 36	Impairment of Assets
IAS 39	Financial Instruments: Recognition and Measurement
IFRIC 4	Determining whether an Arrangement contains a Lease
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

As from 1 July 2008, all GAMAP Standards have been retracted. Accounting policies for material transactions, events or conditions not covered by the above GRAP Standards have been developed in accordance with section 29 of ASB Directive 5 or paragraph 12 of GRAP 3. Exemptions that were given from complying with certain standards in terms of clause 2(2) of Government Notice 522 issued in *Government Gazette* no. 30013 of 29 June 2007, have been lifted since the 2008/09 financial year.

GAMAP 9 Revenue Section 29 to 54 pertaining to revenue from rates, fines, government grants, other grants, donations received and levies are not yet withdrawn as GRAP 9 only applies to exchange revenue and GRAP 23 Revenue from non-exchange transactions is not yet effective.

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

The accounting policies applied are consistent with those used in the previous financial year, unless explicitly stated.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1.2 STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective:

Standards of GRAP that may be used in developing an accounting policy:

GRAP 21	Impairment of non-cash-generating assets
GRAP 23	Revenue from non-exchange transactions
GRAP 25	Employee Benefits
GRAP 26	Impairment of cash-generating assets
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments

Standards of GRAP that may be used to interpret the requirements of other Standards of GRAP:

GRAP 24	Presentation of Budget Information in Financial Statements
---------	--

WATERBERG DISTRICT MUNICIPALITY
ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2010

1.2 STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE *(continued)*

Approved Standards of GRAP that entities are not required to apply:

GRAP 18	Segment Reporting
---------	-------------------

The impact of GRAP standards issued but not yet effective on the financial statements of Waterberg District Municipality in the future are as follows:

- GRAP 18 - This does not deal with the accounting treatment of any particular transaction of events but merely with the re-arrangement of information already presented and disclosed. The impact on the municipality's financial statements would be minimal.
- GRAP 21 - Assessment at every reporting date whether there are indicators that any assets have been impaired, the measurement of impairment losses and reversal of impairment losses. The impact of this Standard is not at this stage reasonably estimable.
- GRAP 23 - The method or recognition and measurement of revenue from non-exchange transactions, specifically taxes and transfers. The municipality does not have taxes and the accounting policy for the disclosure and measurement of transfers implemented currently by the municipality already adheres to these requirements:
- Revenue is recognized to the extent that conditions have been met;
 - A liability is recognized to the extent that the present conditions have not yet been met.
 - An asset acquired through a non-exchange transaction is initially measured at its fair value as at the date of acquisition.
- GRAP 24 - A comparison of budget and actual amounts as additional budget columns in the primary financial statements and a disclosure note on the explanations of changes between the approved and final budget is required. The impact on the municipality's financial statements would be minimal.
- GRAP 25 - The Standard on Employee Benefits will have no material impact on the financial statements of the municipality as the municipality is adhering to IAS 19 and there is no material changes from IAS 19 to GRAP 25 that is affecting this municipality.
- GRAP 26 - Assessment at every reporting date whether there are indicators that any assets have been impaired, the measurement of impairment losses and reversal of impairment losses. This Standard will be applicable to the Abattoir assets and the impact of this Standard would be minimal at this stage as the abattoir is currently undergoing an upgrade.
- GRAP 103 - This Standard will have no impact on the municipality as the municipality currently has no heritage assets.
- GRAP 104 - The Standard on financial instruments will have no material impact on the financial statements of the municipality as the municipality is adhering to IAS 32 and IAS 39 and the changes from IAS 32 and IAS 39 to GRAP 104 is not applicable to this municipality.

The municipality shall apply these Standards of GRAP for annual financial statements covering periods beginning on or after a date to be determined by the Minister of Finance in a regulation to be published in accordance with section 91(1) (b) of the Public Finance Management Act, Act No. 1 of 1999, as amended.

1.3 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.4 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

WATERBERG DISTRICT MUNICIPALITY
ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2010

1.5 COMPARATIVE INFORMATION

Budget information in accordance with GRAP 1 and 24, has been provided in an annexure to these financial statements and forms part of the annual financial statements. Budgeted amounts have been included in the annual financial statements for the current financial year only.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

2 RESERVES

As GRAP 9 does not require that the below reserves be disclosed separately on the Statement of Financial Position, they are disclosed as part of Accumulated Surplus And Other Reserves, but are disclosed separately on the Statements of Changes in Net Assets and note 30.

2.1 Government Grant Reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus / (deficit). The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset from this reserve to the accumulated surplus/ (deficit).

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus / (deficit).

2.2 Donation and Public Contributions Reserve

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Donation and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus / (deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When an item of property, plant and equipment, financed from Donations and Public Contributions is disposed, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus / (deficit).

WATERBERG DISTRICT MUNICIPALITY
ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2010

3 PROPERTY, PLANT AND EQUIPMENT

3.1 Initial recognition

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

3.2 Subsequent measurement – cost model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation. Land and artwork are not depreciated as it is deemed to have an indefinite life.

Subsequent expenditure is capitalised when it increases the capacity of future economic benefits associated with the asset.

3.3 Depreciation and impairment

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated asset lives:

	<u>Years</u>
Buildings	7 to 30
Motor Vehicles	2 to 5
Office Equipment	1 to 5
Furniture and Fittings	5 to 7
Machinery	1 to 7
Specialised vehicles	10 to 20

The municipality has taken advantage of the transitional provisions provided in GRAP 17 Property, Plant and Equipment whereby in terms of Section 77 of Directive 4 municipalities are not required to measure property, plant and equipment for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Property, Plant and Equipment. GRAP 17 was initially adopted on 1 July 2008. The balance on the financial statements which is affected by this transitional provision is Property, Plant and Equipment.

The progress towards achieving full compliance with the measurement requirements of GRAP 17 Property, Plant and Equipment and IAS36 Impairment of assets are that an annual asset count was conducted to confirm the completeness and validity of the asset register. The asset register will be adjusted when a financial system is procured that can accommodate the new requirements. The municipality is currently in the process of procuring a new financial system. The depreciation and net book value of assets will be reviewed to correct comparative figures in the financial statements ending 30 June 2011.

WATERBERG DISTRICT MUNICIPALITY
ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2010

3 PROPERTY, PLANT AND EQUIPMENT (*continued*)

3.4 Derecognition

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

4 INTANGIBLE ASSETS

4.1 Initial recognition

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licenses, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalized. Research expenditure is never capitalized, while development expenditure is only capitalized to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

4.2 Subsequent measurement – cost model

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

4.3 Amortisation

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

	<u>Years</u>
Computer software	3 to 25 years depending on the individual review of each asset's useful life

**WATERBERG DISTRICT MUNICIPALITY
ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2010**

4 INTANGIBLE ASSETS *(continued)*

4.3 Amortisation *(continued)*

The municipality has not taken advantage of the transitional provisions provided in GRAP 102 Intangible Assets whereby in terms of Section 112 of GRAP 102 municipalities are not required to measure intangible assets for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Intangible Assets. The balance on the financial statements which is affected by this transitional provision is Intangible Assets. The net realizable value, residual values and useful lives of intangible assets were reviewed with this first time adoption of GRAP 102 Intangible Asset in the 08/09 financial year and again in the current financial year.

4.4 Derecognition

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

5 NON-CURRENT ASSETS HELD FOR SALE

5.1 Initial recognition

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

5.2 Subsequent measurement

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

The municipality has taken advantage of the transitional provisions provided in GRAP 100 Non-Current Assets Held for Sale whereby in terms of Section 45 of GRAP 100 provisions of the standard was applied prospectively in 08/09. The balance on the financial statements which is affected by the transitional provision is Non-Current Assets Held for Sale.

6 INVENTORY

6.1 Initial recognition

Inventories comprise current assets held for consumption during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition.

WATERBERG DISTRICT MUNICIPALITY
ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2010

6 INVENTORY (*continued*)

6.2 Subsequent measurement

Inventories, consisting of consumables are valued at the lower of cost and net realisable value. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

7 FINANCIAL INSTRUMENTS

7.1 Initial recognition

Financial instruments are initially recognized at fair value.

7.2 Subsequent measurement

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed maturity that the municipality has the positive intention and ability to hold to maturity. The investments are disclosed as Held-to-maturity investments which are subsequently measured at amortised cost.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

Amortised cost is calculated using the effective interest method.

7.3 Investments

Investments, which include fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

WATERBERG DISTRICT MUNICIPALITY
ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2010

7 FINANCIAL INSTRUMENTS (*continued*)

7.4 Trade and other receivables

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current. The carrying amount of trade and other receivables is a reasonable approximation of fair value.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

7.5 Trade and payables

Financial liabilities consist of trade and other payables. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest. Amounts that are payable within 12 months from the reporting date are classified as current. The carrying amount of trade and other payables is a reasonable approximation of fair value.

7.6 Cash and cash equivalents

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

8 PROVISIONS

Provisions are recognised when the municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

**WATERBERG DISTRICT MUNICIPALITY
ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2010**

9 LEASES

9.1 Municipality as lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease. The average payments over the period of the lease are expensed and any difference between the average and actual payment is disclosed as a debtor or creditor in the Statement of Financial Position.

Contingent rentals are not straight-lined or included in the projected future minimum operating lease expenses / receipts in the note to the financial statements.

9.2 Municipality as lessor

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease installments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

10 REVENUE

10.1 Revenue from exchange transactions

Revenue from exchange transactions is recognized at fair value and refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Interest is recognised on a time proportion basis, using the effective interest method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

WATERBERG DISTRICT MUNICIPALITY
ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2010

10 REVENUE (*continued*)

10.1 Revenue from exchange transactions (*continued*)

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

GRAP 9 Revenue from Exchange Transactions only applies to exchange revenue. Therefore, the provision of GAMAP 9 Revenue Section 42 to 49 still applies pertaining to revenue from grants and donations received.

10.2 Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality.

Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality. Contributed property, plant and equipment are recognized at fair value.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councilors or officials is virtually certain.

10.3 Grants, transfers and donations

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from grants is recognized to the extent that there has been compliance with any restrictions associated with the grant.

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement.

Unutilised conditional grants are reflected in the Statement of Financial Position as a current liability and are always cash backed.

WATERBERG DISTRICT MUNICIPALITY
ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2010

11 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

12 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

13 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

14 EMPLOYEE BENEFITS

14.1 Provision for employee benefits

Provision is made in the financial statements for all employee benefits.

Liabilities for wages and salaries, including non-monetary benefits, bonuses and annual leave obliged to be settled within 12 months of the reporting date, are recognized in other payables or provision for employee benefits in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognized when the leave is taken and measured at the rates paid or payable.

The liability for long service leave for which settlement can be deferred beyond 12 months from the reporting date is recognized in the non-current liability for employee benefits and measured as the present value of expected future payment to be made in respect of services provided by employees up to the reporting date. Consideration is given to the expected future wage and salary levels, experience of employee departures and period of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms of maturity and currency that match, as closely as possible, the estimated future cash outflows.

WATERBERG DISTRICT MUNICIPALITY
ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2010

14 EMPLOYEE BENEFITS (*continued*)

14.2 Pensions and other post-retirement benefits

The municipality provides retirement benefits for its employees and councilors. The municipality has accounted for the defined contribution plan in terms of IAS19 Employee Benefits. A defined contribution plan is a pension plan under which the municipality pays fixed contributions into a separate entity.

For defined contribution plans, the municipality pays contributions on a mandatory, contractual or voluntary basis. The municipality has no further payment obligations once the contributions have been paid. Accordingly, the Municipality recognises the contributions to the scheme as an expense when the employees and councilors have rendered the employment service or served office entitling them to the contributions.

The municipality provides post-retirement medical benefits to qualifying retirees. They are recognized in accordance with IAS 19 on defined benefit plans.

The cost of providing health care is charged to the income statement so as to recognize current and past service costs, interest cost on defined benefit obligations, and the effect of any curtailments of settlements, net of expected returns on plan assets. Actuarial gains and losses are recognized in full directly in the statement of financial performance. Additional benefits are expensed as past service cost in the period in which the benefit is granted to the extent that it is not covered by a surplus to contributions funded by the municipality. The municipality has no plan assets. A liability is consequently recognized in the statement of financial position based on the present value of defined benefit obligations, less any unrecognized past service costs.

Municipalities were previously exempted from IAS19 defined benefit accounting as far as it relates to defined benefit plans in terms of the exemptions of Government Gazette no. 30013 of 29 June 2007. The exemption no longer applies since the 08/09 financial year and the change in accounting policy was implemented retrospectively in 08/09.

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
1 CASH AND CASH EQUIVALENTS		
The municipality has the following bank accounts:		
<u>Current Account (Primary Bank Account)</u>		
First National Bank - Modimolle branch Account number 53170034748		
Cash book balance at beginning of year	4 657 595	1 963 350
Cash book balance at end of year	8 319 197	4 657 595
Bank statement balance at beginning of year	9 018 155	6 275 415
Bank statement balance at end of year	14 231 024	9 018 155
<u>Other accounts</u>		
Investments:		
Call deposits	3 054 696	3 017 014
14 Days fixed deposits	-	-
32 Days fixed deposits	-	-
60 Days fixed deposits	21 088 101	12 042 984
90 Days fixed deposits	55 154 603	72 342 072
	79 297 400	87 402 070
Cash on hand:		
Petty cash	2 200	2 200
Total cash and cash equivalents	87 618 797	92 061 865
A portion of cash represents restricted cash as it serves as security for unspent conditional grants.		
2 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS		
<u>Trade receivables</u>		
RSC levies	-	-
Abattoir	420 533	386 800
Gross Balance	420 533	386 800
Less: Provision for doubtful debts	(393 601)	(348 815)
Net Balance	26 932	37 985
<u>Other receivables</u>		
Councillor cell phones	-	32 309
Gross Balance	-	32 309
Less: Provision for doubtful debts	-	(28 519)
Net Balance	-	3 790
Total Net Balance	26 932	41 775
<u>Abattoir: Ageing</u>		
Current (0 - 30 days)	10 809	26 670
31 - 60 days	14 974	5 055
61 - 90 days	6 268	6 259
91 - 365 days	26 010	310 060
+ 365 days	362 472	38 756
Total	420 533	386 800

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
2 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)		
<u>RSC levies: Ageing</u>		
Current (0 - 30 days)	-	-
31 - 60 days	-	-
61 - 90 days	-	-
91 - 365 days	-	-
+ 365 days	-	-
Total	-	-
<u>Councillor cell phone: Ageing</u>		
Current (0 - 30 days)	-	3 790
31 - 60 days	-	-
61 - 90 days	-	-
91 - 365 days	-	-
+ 365 days	-	-
Total	-	28 519
	-	32 309
<u>Summary of debtors by Customer Classification</u>		
	Consumers R	National and Provincial Government R
as at 30 June 2010		
Current (0 - 30 days)	10 809	-
31 - 60 days	14 974	-
61 - 90 days	6 268	-
91 - 365 days	26 010	-
+ 365 days	362 472	-
Sub-total	420 533	-
Less: Provision for doubtful debts	(393 601)	-
Total debtors by customer classification	26 932	-
as at 30 June 2009		
Current (0 - 30 days)	30 460	-
31 - 60 days	5 055	-
61 - 90 days	6 259	-
91 - 365 days	310 060	-
+ 365 days	67 275	-
Sub-total	419 109	-
Less: Provision for doubtful debts	(377 334)	-
Total debtors by customer classification	41 775	-
	2010 R	2009 R
<u>Reconciliation of the doubtful debt provision</u>		
Balance at beginning of the year	377 334	637 249
Contributions/(Reversal) to provision	44 786	84 920
Bad debts written off	(28 519)	(344 835)
Balance at end of year	393 601	377 334

The fair value of trade and other receivables approximates their carrying amounts.

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
3 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Investments under liquidation	142 748	142 748
Prepayments	921 530	5 800
Sundry debtors	333 785	120 992
Total Other Debtors	1 398 063	269 540

An investment amounting to R 572 713 capital is held with New Republic Bank, which is under receivership. An investment amounting to R325 904 capital is held with Regal Treasury Bank which is under liquidation. The investments were written down to fair value:

New Republic Bank Limited	142 748	142 748
Regal Treasury Private Bank Limited	-	-

4 INVENTORY

Consumables:

Opening balance	101 332	-
Additions	80 614	570 278
Issued (expensed)	(101 332)	(468 946)
Write-down / (reversal of write-down) to Net Replacement Value (NRV) or Net Replacement Cost (NRC)	-	-
Closing balance	80 614	101 332

No inventory is pledged as security. No circumstances or events existed that would have led to the write-down of the reversal of a write-down of inventories.

5 HELD-TO-MATURITY INVESTMENTS

6 Month fixed deposits	22 102 744	10 088 767
------------------------	-------------------	-------------------

6 VAT

VAT receivable	2 721 962	1 567 952
----------------	------------------	------------------

VAT is accounted for on the payment basis.

7 NON-CURRENT ASSETS HELD FOR SALE

Computer equipment	17 889	17 888
Office equipment	1 164	274
Furniture and fittings	7 697	7 363
Property, plant and equipment	26 750	25 525

These assets are no longer being utilised by the municipality and has been approved by council for disposal. An auction is to be held to dispose of the assets in the short term.

8 NON-CURRENT RECEIVABLES

Deposit water and electricity	2 025	39 877
-------------------------------	--------------	---------------

These are deposits paid for water and electricity services. Deposits for Thusang and Pienaarsrivier was donated to Mookgophong and Bela Bela Local Municipality, respectively, during the year.

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

9 PROPERTY, PLANT & EQUIPMENT

Reconciliation of Carrying Value	Land and Buildings R	Other Assets R	Total R
Carrying values at 1 July 2009	27 656 854	10 216 061	37 872 915
Cost	30 398 405	16 316 900	46 715 305
Accumulated Depreciation	(2 741 551)	(6 100 839)	(8 842 390)
Acquisitions	542 991	8 482 160	9 025 151
Capital under Construction	3 312 601	-	3 312 601
Depreciation	(779 210)	(1 867 169)	(2 646 379)
Carrying value of disposals	-	(568 748)	(568 748)
Cost	-	(1 692 393)	(1 692 393)
Accumulated depreciation	-	1 123 645	1 123 645
Carrying values at 30 June 2010	30 733 236	16 262 304	46 995 540
Cost	34 253 997	23 106 667	57 360 664
Accumulated Depreciation	(3 520 761)	(6 844 363)	(10 365 124)
Reconciliation of Carrying Value	Land and Buildings R	Other Assets R	Total R
Carrying values at 1 July 2008	22 237 046	10 504 602	32 741 648
Cost	24 634 254	15 362 237	39 996 491
Accumulated Depreciation	(2 397 208)	(4 857 635)	(7 254 843)
Acquisitions	646 014	1 603 960	2 249 974
Capital under Construction	5 118 137	-	5 118 137
Depreciation	(344 343)	(1 712 494)	(2 056 837)
Carrying value of disposals	-	(180 007)	(180 007)
Cost	-	(849 297)	(849 297)
Accumulated depreciation	-	469 290	469 290
Carrying values at 30 June 2009	27 656 854	10 216 061	37 872 915
Cost	30 398 405	16 316 900	46 715 305
Accumulated Depreciation	(2 741 551)	(6 100 839)	(8 842 390)

Refer to Appendix B for more detail on property, plant and equipment, including those in the process of being constructed.

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

10 INTANGIBLE ASSETS

10.1 Reconciliation of carrying value

	Computer Software	Total
as at 1 July 2009	1 123 599	1 123 599
Cost	1 544 524	1 544 524
Accumulated amortisation and impairment losses	(420 925)	(420 925)
Acquisitions	-	-
Work-in-Progress	94 700	94 700
Amortisation	(287 052)	(287 052)
Carrying value of disposal	-	-
Cost	-	-
Accumulated amortisation	-	-
as at 30 June 2010	931 247	931 247
Cost	1 639 224	1 639 224
Accumulated amortisation and impairment losses	(707 977)	(707 977)

10.2 Reconciliation of carrying value

	Computer Software	Total
as at 1 July 2008	451 247	451 247
Cost	657 008	657 008
Accumulated amortisation and impairment losses	(205 761)	(205 761)
Acquisitions	887 516	887 516
Amortisation	(215 164)	(215 164)
Carrying value of disposal	-	-
Cost	-	-
Accumulated amortisation	-	-
as at 30 June 2009	1 123 599	1 123 599
Cost	1 544 524	1 544 524
Accumulated amortisation and impairment losses	(420 925)	(420 925)

11 TRADE AND OTHER PAYABLES

	2010 R	2009 R
Trade creditors	1 628 857	3 927 115
Accruals	3 816 052	3 216 693
Sureties	-	-
Retentions	154 960	364 757
	5 599 869	7 508 565

The fair value of trade and other payables approximates their carrying amounts.

12 CONSUMER DEPOSITS

Abattoir	7 100	10 865
Guarantees held in lieu of abattoir deposits	12 000	12 000

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
13 PROVISIONS		
Performance bonus	179 830	172 254
	<u>179 830</u>	<u>172 254</u>

Performance bonuses are paid one year in arrears when the municipality has a present obligation as a result of a past event which is the services rendered and it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate of the amount can be made. As the assessment of eligible employees has not taken place at the reporting date, the amount of the performance bonus has not yet been confirmed.

The movement is reconciled as follows:

Balance at beginning of year	172 254	-
Contributions/(reversals) to provision	179 830	172 254
Expenditure incurred	(172 254)	-
Balance at year end	<u>179 830</u>	<u>172 254</u>

The assumptions and basis of calculation was done in terms of the requirements of the Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Manager, 2006. Provision for Performance bonuses are calculated as per the performance agreements & brackets indicated in Section 32(2) of the above Performance Regulations. The maximum exposure was calculated based on the final score of each individual manager at year end and in which bracket those scores fall.

14 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Conditional Grants from other spheres of Government

Municipal Infrastructure Grant	-	-
Integrated Transport Plan	-	57 424
Municipal Systems Improvement Grant	348 217	217 694
Finance Management Grant	403 208	527 087
Community Based Public Works Program	-	547 884
Fire Fighting Grant	-	155 855
IT Municipal Systems Plan Grant	-	92 260
Wildlife Centre Grant	399 256	2 980 615
VUNA Awards	745 961	750 000
Expanded Public Works Incentive Grant	251 200	-
Total Unspent Conditional Grants and Receipts from other spheres of Government	<u>2 147 842</u>	<u>5 328 819</u>

Other conditional grants

Mayor's Bursary Grant	-	25 000
Disaster Grant	25 620	25 620
Total Unspent Other Conditional Grants and Receipts	<u>25 620</u>	<u>50 620</u>
Total Unspent Conditional Grants and Receipts	<u>2 173 462</u>	<u>5 379 439</u>

See note 21 for reconciliation of grants.

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

15 RETIREMENT BENEFITS

The municipality contributes to a number of defined contribution schemes for pension of all permanent employees and councillors. The funds are governed by the Pension Funds Act of 1956.

The following are defined contributions plans:

- Samwu Provident Fund
- National Fund for Municipal Workers
- Municipal Gratuity Fund
- Municipal Employee Fund
- Joint Municipal Pension Fund
- Municipal Councillors Pension Fund
- Government Employee Pension Fund
- National Fund for Municipal Workers

The municipality also provides certain post-retirement medical benefits to qualifying pensioners. All post-retirement medical benefits are unfunded.

The following are defined benefit plans:

- LA Health
- Discovery Health
- Bonitas Medical Fund
- Key Health Medical Scheme
- Hosmed

In accordance with prevailing legislation, the defined benefit funds are actuarially valued at intervals of not more than two years. The Projected Unit Credit valuation method is used.

The first actuarial valuation of post-retirement medical benefits was completed on 30 June 2009. Previously, the municipality was exempted from the IAS 19 accounting for defined benefit plans in terms of the Government Gazette 30013 issued 29 June 2007. The change in accounting policy was implemented retrospectively in 08/09.

The municipality has no legal obligation to settle this liability with any immediate contributions or additional once-off contributions. The municipality intends to continue to contribute to each defined benefit post-retirement medical scheme in accordance with the latest recommendations of the actuary to each scheme.

The accumulated defined benefit obligation in respect of the post-retirement medical contributions are provided, based on calculations of independent actuaries, using methods and assumptions consistent with IAS 19 as follows:

	2010 R	2009 R
Movement in the employee health-care benefit liability:		
Liability as at 1 July	9 631 664	9 009 765
Benefits paid	(632 057)	(563 962)
Plan participants contributions	234 590	223 398
Current service cost	405 391	378 815
Interest	865 857	956 344
Actuarial (gains) / losses recognised in Statement of Financial Performance	(801 566)	(372 696)
Unfunded accrued liability as at 30 June	9 703 879	9 631 664
Current portion of liability as at 30 June	913 953	919 049
Non-current portion of liability as at 30 June	8 789 926	8 712 615

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
15 RETIREMENT BENEFITS (continued)		
The liability as at 30 June consists of:		
In-service members	3 820 277	3 715 708
Continuation members	5 883 602	5 915 956
	9 703 879	9 631 664
Expense recognised in (profit) or loss:		
Current service cost	405 391	378 815
Interest cost	865 857	956 344
Past service cost	-	-
Actuarial (gains) or losses	(801 566)	(372 696)
	469 682	962 463
<i>Principal actuarial assumptions of valuation model used:</i>		
Discount rate	9.22%	9.15%
Health care cost inflation rate	7.26%	7.86%
Average remaining future working lifetime	19.3 years	19.5 years
<i>The effect of a 1% movement in the assumed medical cost trend rate is as follows:</i>		
	1% Increase	1% Increase
Effect on the aggregate of the current service cost and interest cost	20%	19%
Effect on the defined benefit obligation	16%	16%
	1% Decrease	1% Decrease
Effect on the aggregate of the current service cost and interest cost	-16%	-15%
Effect on the defined benefit obligation	-13%	-13%

The Municipality's best estimate of contributions expected to be paid to the plan during the annual period beginning after the balance sheet date is R 386 988.

16 LONG SERVICE AWARDS LIABILITY

The municipality provides long-service awards to its permanent employees.

The benefit of long-service award is provided in the form of annual leave and a gift to a certain monetary value.

In accordance with prevailing legislation, the provision is actuarially valued at intervals of not more than two years. The Projected Unit Credit valuation method is used.

The first actuarial valuation of long-service awards was completed on 30 June 2009. Previously, the municipality was exempted from the IAS 19 accounting for defined benefit plans in terms of the Government Gazette 30013 issued 29 June 2007. The change in accounting policy was implemented retrospectively in 08/09.

The municipality has no legal obligation to settle this liability with any immediate contributions or additional once-off contributions.

The accumulated defined benefit obligation in respect of the long-service awards are provided, based on calculations of independent actuaries, using methods and assumptions consistent with IAS 19 as follows:

	2010 R	2009 R
Movement in the long-service award liability:		
Liability as at 1 July	871 931	764 106
Benefits paid	(90 730)	(82 367)
Current service cost	151 464	139 786
Interest	75 744	78 918
Actuarial (gains)/losses recognised in Statement of Financial Performance	(36 230)	(28 512)
Unfunded accrued liability as at 30 June	972 179	871 931

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
16 LONG SERVICE AWARDS LIABILITY (continued)		
Current portion of liability as at 30 June	<u>156 680</u>	<u>135 970</u>
Non-current portion of liability as at 30 June	<u>815 499</u>	<u>735 961</u>
Expense recognised in (profit) or loss:		
Current service cost	151 464	139 786
Interest cost	75 744	78 918
Past service cost	-	-
Actuarial (gains) or losses	<u>(36 230)</u>	<u>(28 512)</u>
	<u>190 978</u>	<u>190 192</u>
<i>Principal actuarial assumptions of valuation model used:</i>		
Discount rate	9.04%	9.16%
General salary inflation rate	6.34%	6.57%
<i>The effect of a 1% movement in the assumed general salary inflation rate is as follows:</i>		
	1% Increase	1% Increase
Effect on the aggregate of the current service cost and interest cost	6%	6%
Effect on the defined benefit obligation	5%	6%
	1% Decrease	1% Decrease
Effect on the aggregate of the current service cost and interest cost	-5%	-5%
Effect on the defined benefit obligation	-5%	-5%
The Municipality's best estimate of benefits expected to be paid to the plan during the annual period beginning after the balance sheet date is R 70 741.		
17 SERVICE CHARGES		
Abattoir services	<u>833 918</u>	<u>961 714</u>
18 RENTAL OF FACILITIES AND EQUIPMENT		
Rental of facilities	-	28 803
Rental of equipment	-	-
Total rentals	<u>-</u>	<u>28 803</u>
19 INTEREST EARNED - EXTERNAL INVESTMENTS		
Bank	8 628 145	12 198 488
Financial Assets	-	-
Other	-	-
Total interest	<u>8 628 145</u>	<u>12 198 488</u>
20 INTEREST EARNED - OUTSTANDING RECEIVABLES		
RSC Levies	-	-
Abattoir	34 663	37 944
Deposits	90	2 551
Total interest	<u>34 753</u>	<u>40 495</u>

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
21 GOVERNMENT AND OTHER GRANTS		
Equitable share	78 598 487	67 436 105
Municipal Infrastructure Grant	-	1 614 965
Integrated Transport Plan	57 424	294 565
Municipal Systems Improvement Grant	604 477	631 834
Finance Management Grant	1 123 879	568 428
Drought Relief Grant	-	94 084
Umsobomvu Youth Grant	-	194 792
Community Based Public Works Programme	547 884	-
Fire Fighting Grant	155 855	-
DBSA Grant	801 942	-
IT Municipal Systems Plan Grant	92 260	407 740
LG SETA Grant	131 817	304 756
Municipal Health Grant	7 451 000	6 379 087
Wildlife Centre Grant	2 581 360	19 385
LIBSA Grant	900 000	900 000
VUNA Awards	4 039	-
Mayor's Bursary Grant	25 000	-
Disaster Grant	-	19 380
Expanded Public Works Incentive Grant	-	-
	93 075 424	78 865 121

21.1 Equitable share

The equitable share is an unconditional grant and is utilised to fund disaster management services, environmental health services, projects and operating expenditure.

21.2 Municipal Infrastructure Grant

Balance unspent at beginning of year	-	1 614 965
Current year receipts	-	-
Conditions met - transferred to income	-	(1 614 965)
Conditions still to be met - transferred to liabilities	-	-

The grant was used to construct infrastructure assets in the local municipalities. The conditions of the grant were met. There were no delays or withholding of the grant.

21.3 Integrated Transport Plan

Balance unspent at beginning of year	57 424	351 989
Current year receipts	-	-
Conditions met - transferred to income	(57 424)	(294 565)
Conditions still to be met - transferred to liabilities	-	57 424

The grant was utilised to develop the current public transport record system and to review the transport plan and the balance is utilised to implement the integrated transport plan.

21.4 Municipal Systems Improvement Grant

Balance unspent at beginning of year	217 694	114 528
Current year receipts	735 000	735 000
Conditions met - transferred to income	(604 477)	(631 834)
Conditions still to be met - transferred to liabilities	348 217	217 694

The grant is utilised for the implementation of new legislation, skills development and the GRAP compliance of the fixed asset register. The conditions of the grant were met. No funds have been withheld.

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
21 GOVERNMENT GRANTS (continued)		
21.5 Finance Management Grant		
Balance unspent at beginning of year	527 087	595 515
Current year receipts	1 000 000	500 000
Conditions met - transferred to income	(1 123 879)	(568 428)
Conditions still to be met - transferred to liabilities	<u>403 208</u>	<u>527 087</u>
<p>The grant is utilised for the appointment of financial and audit interns, financial training and assist with the implementation of the MFMA and compliance with GRAP. The conditions of the grant were met. No funds have been withheld.</p>		
21.6 Drought Relief		
Balance unspent at beginning of year	-	94 084
Current year receipts	-	-
Conditions met - transferred to income	-	(94 084)
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>-</u>
<p>The grant was utilised for emergency drought relief in the District. The projects were be identified by the local municipalities.</p>		
21.7 Umsobomvu Youth Grant		
Balance unspent at beginning of year	-	-
Current year receipts	-	194 792
Conditions met - transferred to income	-	(194 792)
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>-</u>
<p>The grant was utilised to fund youth advisors at the local municipalities.</p>		
21.8 Community Based Public Works Program		
Balance unspent at beginning of year	547 884	547 884
Current year receipts	-	-
Conditions met - transferred to income	(547 884)	-
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>547 884</u>
<p>The grant will be utilised to fund infrastructure projects. The conditions were met. No funds have been withheld.</p>		
21.9 Fire Fighting Grant		
Balance unspent at beginning of year	155 855	155 855
Current year receipts	-	-
Conditions met - transferred to income	(155 855)	-
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>155 855</u>
<p>The grant was utilised to fund the acquisition of fire fighting equipment.</p>		
21.10 DBSA Grant		
Balance unspent at beginning of year	-	-
Current year receipts	801 942	-
Conditions met - transferred to income	(801 942)	-
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>-</u>
<p>The grant was utilised to fund the implementation of a Performance Management System in the District and Local Municipalities.</p>		

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
21 GOVERNMENT GRANTS (continued)		
21.11 IT Municipal Systems Plan Grant		
Balance unspent at beginning of year	92 260	-
Current year receipts		500 000
Conditions met - transferred to income	(92 260)	(407 740)
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>92 260</u>

The grant was utilised to fund the IT Master Systems Plan of the municipality. The remaining balance is utilised to implement the recommendation of the IT Master Systems Plan.

21.12 LG SETA Grant		
Balance unspent at beginning of year	-	208 552
Current year receipts	131 817	96 204
Conditions met - transferred to income	(131 817)	(304 756)
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>-</u>

The grant is utilised for training of officials in the District Municipality.

21.13 Municipal Health Grant		
Balance unspent at beginning of year	-	-
Current year receipts	7 451 000	6 379 087
Conditions met - transferred to income	(7 451 000)	(6 379 087)
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>-</u>

The grant was utilised to fund the Environmental Health function that was devolved to the District Municipality during the previous financial year.

21.14 Wildlife Centre Grant		
Balance unspent at beginning of year	2 980 615	-
Current year receipts	-	3 000 000
Conditions met - transferred to income	(2 581 360)	(19 385)
Conditions still to be met - transferred to liabilities	<u>399 255</u>	<u>2 980 615</u>

The grant is utilised to fund the feasibility study of a district wildlife centre.

21.15 LIBSA Grant		
Balance unspent at beginning of year	-	-
Current year receipts	900 000	900 000
Conditions met - transferred to income	(900 000)	(900 000)
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>-</u>

The grant was utilised to fund the development of the Lephalale Agricultural Corridor.

21.16 VUNA Awards		
Balance unspent at beginning of year	750 000	-
Current year receipts	-	750 000
Conditions met - transferred to income	(4 039)	-
Conditions still to be met - transferred to liabilities	<u>745 961</u>	<u>750 000</u>

The VUNA Awards grant will be utilised to fund tourism signage to be erected in the district.

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
21 GOVERNMENT GRANTS (continued)		
21.17 Mayor's Bursary Grant		
Balance unspent at beginning of year	25 000	25 000
Current year receipts	-	-
Conditions met - transferred to income	(25 000)	-
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>25 000</u>
The grant will be utilised to fund study bursaries.		
21.18 Disaster Grant		
Balance unspent at beginning of year	25 620	45 000
Current year receipts	-	-
Conditions met - transferred to income	-	(19 380)
Conditions still to be met - transferred to liabilities	<u>25 620</u>	<u>25 620</u>
The grant is utilised to fund relief operations after disasters in the District.		
21.19 Expanded Public Works Incentive Grant		
Balance unspent at beginning of year	-	-
Current year receipts	251 200	-
Conditions met - transferred to income	-	-
Conditions still to be met - transferred to liabilities	<u>251 200</u>	<u>-</u>
The grant is to incentivise municipalities to increase labour intensive employment through infrastructure programmes that maximise job creation and skills development in line with the the EPWP guidelines.		
21.20 Changes in levels of government grants		
Based on the allocations as set out in the Division of Revenue Act, (Act No 12 of 2009), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.		
22 PUBLIC CONTRIBUTIONS AND DONATIONS		
Donations	-	437 500
Total public contributions and donations	<u>-</u>	<u>437 500</u>
23 EMPLOYEE RELATED COSTS		
Employee related costs - Salaries and wages	21 267 502	19 318 120
Employee related costs - Contributions for UIF, pension and medical aid & other statutory contributions	5 439 119	5 246 957
Travel and other allowances	5 018 788	3 700 339
Housing benefits and allowances	190 551	271 945
Overtime allowances	139 908	194 844
Performance and other bonuses	115 500	172 254
Total Employee Related Costs	<u>32 171 368</u>	<u>28 904 459</u>

(Refer to Appendix E1)

There were no advances to employees.

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
23 EMPLOYEE RELATED COSTS (continued)		
Remuneration of the Municipal Manager		
Annual Remuneration	256 435	650 388
Performance- and other bonuses	-	-
Travel and cellphone allowance	125 250	163 553
Contributions to UIF, Medical and Pension Funds	70 945	1 497
Total	452 630	815 438

The Municipal Manager was appointed on 1 January 2009.

Remuneration of the Chief Financial Officer		
Annual Remuneration	658 503	615 183
Performance- and other bonuses	105 000	-
Travel and cellphone allowance	176 000	133 320
Contributions to UIF, Medical and Pension Funds	1 497	1 497
Total	941 000	750 000

The Chief Financial Officer was appointed on 11 June 2007.

Remuneration of Individual Managers:

Infrastructure Development

Annual Remuneration	444 351	399 462
Performance- and other bonuses	-	-
Travel and cellphone allowance	178 695	162 094
Contributions to UIF, Medical and Pension Funds	91 734	83 357
Total	714 780	644 913

The Infrastructure Development Manager was appointed on 9 July 2007.

Planning & Economic Development

Annual Remuneration	458 014	394 446
Performance- and other bonuses	-	-
Travel and cellphone allowance	152 917	121 853
Contributions to UIF, Medical and Pension Funds	107 904	93 324
Total	718 835	609 623

The Planning & Economic Development Manager was appointed on 1 March 2008.

Corporate Support & Shared Services

Annual Remuneration	543 038	467 598
Performance- and other bonuses	67 254	-
Travel and cellphone allowance	141 838	121 882
Contributions to UIF, Medical and Pension Funds	149 121	129 155
Total	901 251	718 635

The Corporate Support & Shared Services Manager was appointed on 1 January 2008 and has been seconded to Lephalale Local Municipality from 1 December 2009.

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
23 EMPLOYEE RELATED COSTS (continued)		
Remuneration of Individual Managers (continued):		
Social Development & Community Services		
Annual Remuneration	232 490	192 830
Performance- and other bonuses	-	-
Travel and cellphone allowance	111 000	55 459
Contributions to UIF, Medical and Pension Funds	749	50 291
Total	344 239	298 580

The Social Development and Community Services Manager was appointed on 1 January 2010.

Executive Mayor's Office

Annual Remuneration	-	196 920
Performance- and other bonuses	-	-
Travel and cellphone allowance	-	61 207
Contributions to UIF, Medical and Pension Funds	-	64 373
Resignation settlement	-	275 516
Total	-	598 016

The Manager in the Executive Mayor's Office resigned on 16 February 2009. No subsequent appointment has been made.

There are no post-employment benefits, other long-term benefits or termination benefits provided to Section 56 managers.

24 REMUNERATION OF COUNCILLORS

Executive Mayor	385 375	356 260
Speaker	279 249	299 729
Full time Mayoral Committee member	284 814	242 627
Mayoral Committee members	618 303	537 845
Councillors	1 012 774	881 810
Councillors' pension, medical aid contributions and other statutory contributions	389 608	416 837
Councillors' allowances	821 709	913 146
Total Councillors' Remuneration	3 791 832	3 648 254

In kind benefits

The Executive Mayor, Speaker and a Mayoral Committee member are full time councillors. Each is provided with an office and secretarial support at the cost of the Council. The Executive Mayor has use of a Council owned vehicle for official duties and has a driver. The previous Executive Mayor resigned on 30 April 2009 and the new Executive Mayor was appointed on 1 May 2009.

25 DEPRECIATION AND AMMORTISATION

Property, plant and equipment	2 646 379	2 056 837
Intangible assets	287 051	215 164
Total Depreciation and Amortisation	2 933 430	2 272 001

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
26 CONTRACTED SERVICES		
Contracted service for:		
Fire Fighting	5 904 908	3 293 905
(performed by local municipalities)	<u>5 904 908</u>	<u>3 293 905</u>
27 GENERAL EXPENSES		
Included in general expenses are the following:		
Advertising	183 129	263 820
Audit fees	1 231 388	962 734
Bank charges	44 212	40 186
Bursaries	11 291	21 305
Cleaning	83 887	45 163
Consumables	13 088	29 814
Damaged meat claims	11 504	10 914
Donations	37 942	-
Debt collection commission	-	68 579
Delegations	89 004	69 915
Entertainment	203 307	234 715
Financial management grant	761 600	284 419
Insurance	408 445	501 603
Legal expenses	270 402	447 876
Membership fees	299 329	236 657
Municipal systems improvement grant	604 478	628 807
Postage	6 125	6 879
Printing and stationery	312 426	415 328
Professional fees	12 982	26 688
Rental of buildings / offices	17 652	-
Rental of office equipment	252 033	256 799
Security costs	447 788	380 859
Subscription and publication	25 469	15 145
Telephone & cell phone expenses	494 663	637 014
Training	175 917	579 879
Travel and subsistence	2 550 847	1 700 978
Umsobomvu youth expenditure	-	444 872
Vehicle costs	362 456	520 568
Other	2 328 503	3 086 147
	<u>11 239 867</u>	<u>11 917 663</u>
28 GAIN / (LOSS) ON SALE OF ASSETS		
Property, plant and equipment	(216 522)	93 150
Intangible assets	-	-
Total Gain / (Loss) on Sale of Assets	<u>(216 522)</u>	<u>93 150</u>
29 REVERSAL OF IMPAIRMENT LOSS		
Other financial assets		
An investment amounting to R1 041 296 capital is held with New Republic Bank, which is presently under receivership. The investment was written down to fair value. Subsequently, an additional liquidation dividend was received.	-	351 790
An investment amounting to R325 904 capital is held with Regal Treasury Bank which is presently under liquidation. The investment was written off. Subsequently, in the prior year, an additional liquidation was received.	-	-
Total Reversal of Impairment loss	<u>-</u>	<u>351 790</u>

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

30	ACCUMULATED SURPLUS AND RESERVES	2010 R	2009 R
	As the individual classification of the following reserves are not required in terms of GRAP 9, the following split is not disclosed on the face of the Statement of Financial Position and is merely utilised for internal reporting:		
	Government Grant Reserve	998 180	1 081 465
	Donations and Public Contributions Reserve	1 625 621	1 886 523
	Accumulated Surplus	140 645 728	116 674 247
		143 269 529	119 642 235

31 CASH GENERATED FROM OPERATIONS

Net surplus for the year	23 649 926	9 509 609
Adjustment for non-cash movements:		
Depreciation and amortisation	2 933 430	2 272 001
(Gain) / Loss on sale of assets	216 522	(93 150)
Donated property, plant & equipment	-	(437 500)
Reversal of investment loss	-	(351 790)
Increase in retirement health care liability	72 215	621 899
Increase in long service awards liability	100 248	107 825
Contributions to provisions - current	7 576	172 254
Operating surplus before working capital changes	26 979 917	11 801 148
Decrease in trade receivables	14 843	191 113
Decrease/(Increase) in other receivables	(1 128 523)	440 512
Decrease/(Increase) in inventory	20 718	(101 332)
Increase in VAT receivable	(1 154 010)	(724 491)
(Decrease)/Increase in trade payables	(1 908 696)	3 299 109
Decrease in consumer deposits	(3 765)	-
(Decrease)/Increase in Unspent Conditional Grants and Receipts	(3 205 975)	1 626 068
Cash generated from operations	19 614 509	16 532 127

32 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the cash flow statement comprise the following statements of amounts indicating financial position:

Bank balance	8 319 197	4 657 595
Short-term investment deposits	79 297 400	87 402 070
Petty cash	2 200	2 200
	87 618 797	92 061 865

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

33 CORRECTION OF PRIOR PERIOD ERRORS

33.1 Vat on tender document sales

During the year, the municipality discovered that output Vat is not declared on the sale of tender document. The correction was also made on tender document sales of the 08/09 financial year as agreed with SARS.

The effect on the 2009 balances are as follows:

	Corrected R	Adjustment R	Previous R
Statement of Financial Performance			
Other income	(121 031)	9 272	(130 303)
Statement of Financial Position			
VAT balance to the municipality	1 567 952	(9 272)	1 577 224

33.2 Accrued Interest on investments

During the current year the municipality discovered that the amount accrued for interest on the Nedbank investment on 30 June 2009 was incorrectly calculated at 9.20% instead of 8.20%.

The effect on the 2009 balances are as follows:

	Corrected R	Adjustment R	Previous R
Statement of Financial Performance			
Interest earned - external investments	(12 198 488)	6 707	(12 205 195)
Statement of Financial Position			
Cash and cash equivalents	92 061 865	(6 707)	92 068 572

33.3 Long service leave accrual

During the current year the municipality discovered that the one of the 08/09 long service leave accruals for long service leave awarded, but not taken, was not provided for.

The effect on the 2009 balances are as follows:

	Corrected R	Adjustment R	Previous R
Statement of Financial Performance			
Employee related cost	28 904 459	7 827	28 896 632
Statement of Financial Position			
Trade and Other Payables	(7 508 565)	(7 827)	(7 500 738)

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
34 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		

34.1 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

Opening Balance	66 315	146 174
Fruitless and wasteful expenditure awaiting condonement	-	-
To be recovered - Contingent Asset	66 315	146 174
Fruitless and wasteful expenditure current year	20 288	-
Fruitless and wasteful expenditure recovered during the current year	(9 759)	-
Condoned or written off by Council	-	(79 859)
Closing balance	76 844	66 315
Fruitless and wasteful expenditure awaiting condonement	10 529	-
To be recovered - Contingent Asset	66 315	66 315

Current year

One cattle was lost at a value of R 10 529, the amount was reimbursed to client. Four sheep and one cattle was stolen at the abattoir at a value of R 9 759, the clients were reimbursed and the value of the theft was recovered from the WDM security company.

Prior year

The R 66 315 expenditure arose from late payment to a contractor on an MIG project. The disciplinary case against the employee responsible was finalised in December 2006. The municipality is still in the process of recovering the cost from the dismissed employee.

The R 79 859 expenditure arose from an additional payment to a service provider due to the reprinting of communications flyers because of an error on the first batch. Disciplinary hearing was initiated, manager subsequently resigned. Council wrote off the expenditure in the previous financial year.

34.2 Irregular expenditure

Reconciliation of irregular expenditure:

Opening Balance	366 070	-
Irregular expenditure current year	794 134	366 070
Condoned or written off by Council	-	-
To be recovered - Contingent Asset	-	-
Irregular expenditure awaiting condonement	1 160 204	366 070

Current year

The Office of the Municipal Manager extended the services of the service provider for the Performance Management System without following the requirements of the WDM SCM Policy. Subsequent payment without an order to an amount of R 794,134 was made and this deviation from the WDM SCM Policy and SCM Regulations constitute irregular expenditure.

Prior year

The Infrastructure Department incurred irregular expenditure of R 366 070 on the consulting fees of the construction project on the Modimolle Disaster Centre. The fees of the contractor was adjusted without a subsequent adjustment to the consulting fees which lead to irregular expenditure at the conclusion of the contract. The matter is disclosed as an adjusting post-balance sheet date event as the irregular expenditure was confirmed subsequent to year end but before the conclusion of the financial statements. Investigation will occur.

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
34 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (continued)		

34.3 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

Opening Balance	-	-
Unauthorised expenditure current year	-	-
Condoned or approved by Council	-	-
To be recovered - Contingent Asset	-	-
Unauthorised expenditure awaiting authorisation	-	-
	<u>-</u>	<u>-</u>

Current year

There were no material incidents of irregular expenditure in the current financial year.

Prior year

There were no material incidents of irregular expenditure in the previous financial year.

35 ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT

35.1 Contributions to organised local government

Opening Balance	37 802	-
Council subscriptions	264 732	204 370
Amount Paid - current year	(264 732)	(166 568)
Amount paid - previous years	(37 802)	-
Balance unpaid (included in payables)	<u><u>-</u></u>	<u><u>37 802</u></u>

35.2 Audit fees

Opening balance	-	-
Current year audit fees - statutory	1 231 388	951 633
Prior year audit fee - forensic	-	11 101
Amount paid - current year	(1 231 388)	(951 633)
Amount paid - previous years	-	(11 101)
	<u><u>-</u></u>	<u><u>-</u></u>

35.3 VAT

VAT input receivables and VAT output payables are shown in note 6. All VAT returns have been submitted by the due date throughout the year.

35.4 PAYE

Opening Balance	-	-
Current year payroll deductions	5 778 848	4 720 110
Amount Paid - Current year	(5 778 848)	(4 720 110)
Amount paid - previous years	-	-
	<u><u>-</u></u>	<u><u>-</u></u>

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
35 ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT		
35.5 PENSION AND MEDICAL AID DEDUCTIONS		
Opening balance	-	-
Current year payroll deductions and council contributions	8 270 426	7 440 370
Amount Paid - Current year	(8 270 426)	(7 440 370)
Amount Paid - Previous years	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
36 REMUNERATION OF AUDIT COMMITTEE MEMBERS		
Remuneration	<u>55 819</u>	<u>40 632</u>
3 Members serve on the Audit Committee. The members are paid an allowance per day and are reimbursed for travel expenses.		
37 CAPITAL COMMITMENTS		
37.1 Commitments in respect of capital expenditure:		
Approved and contracted for		
- Computer software	117 770	-
- Vehicles	906 530	-
- Infrastructure	92 496	3 175 188
	<u>1 116 796</u>	<u>3 175 188</u>
The expenditure will be financed from:		
- Own resources	<u>1 116 796</u>	<u>3 175 188</u>
37.2 Commitments in respect of operating project expenditure:		
Approved and contracted for		
- Disaster Management	434 000	-
- Communication & Community Participation	896 082	-
- Sports, Arts & Culture	149 611	-
- Infrastructure	-	2 518 735
- Solid waste and environment	-	1 089 621
- Local Economic Development	1 207 450	2 581 360
- Land development	-	79 930
- Institutional development	120 965	3 356 626
	<u>2 808 108</u>	<u>9 626 272</u>
The expenditure will be financed from:		
- Own resources	2 258 108	5 544 912
- Government Grants	550 000	4 081 360
	<u>2 808 108</u>	<u>9 626 272</u>

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		2010 R	2009 R
37	CAPITAL COMMITMENTS <i>(continued)</i>		
	37.3 Commitments in respect of operating leases:		
	At the reporting date the municipality has outstanding commitments under operating leases which fall due as follows:		
	Operating leases - lessee		
	Within one year	16 621	49 863
	In the second to fifth year inclusive	-	-
	Total	16 621	49 863

Operating lease payments represent rentals payable by the municipality for copiers and faxes with Minolta and Nashua. The Minolta leases expired in the 09/10 financial year and was extended on a month-to-month basis until 31 July

The contingent rental for telephones is based on the prime interest rate. This contingent rental is not included in the future minimum lease payments.

There are no renewal or purchase options and no restrictions have been placed on the lease payments.

38 RELATED PARTIES

Municipal Entity	Waterberg Economic Development Agency
Key Management	Refer to note 23

There are no other related party transactions or balances for the current year. Waterberg Economic Development Agency is currently dormant.

39 EVENTS AFTER THE REPORTING DATE

There are no material events that occurred after the balance sheet date.

40 RISK MANAGEMENT

The main risks of the Municipality are interest rate risk, liquidity risk, credit risk and the fair value of financial instruments.

40.1 Cash flow interest rate risk

The municipality's interest rate risk arises from investments. Investments at variable rates expose the municipality to cash flow interest rate risk. Investments at fixed rates expose the municipality to fair value interest rate risk. The municipal policy is to not invest more than 35% of funds with one institution and to invest at different maturity dates over the short term to alleviate major fluctuations in the interest rates. The majority of investments are fixed rate investments.

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
40 RISK MANAGEMENT (continued)		
40.1 Cash flow interest rate risk (continued)		
At year-end, financial instruments exposed to interest rate risk were as follows:		
- Current bank account	8 319 197	4 657 595
- Call deposits	3 054 696	3 017 014
- 14 days fixed deposits	-	-
- 30 days fixed deposits	-	-
- 60 days fixed deposits	21 088 101	12 042 984
- 90 days fixed deposits	55 154 603	72 342 072
- 6 month fixed deposits	22 102 744	10 088 767
	<u>77 257 347</u>	<u>82 430 839</u>

40.2 Currency risk

The Municipality does not have currency risk as in terms of section 163 of the Municipal Finance Management Act, No.56 of 2003, no municipality may incur a liability or risk payable in a foreign currency.

40.3 Liquidity risk

The Municipality's risk to liquidity is a result of the funds available to cover future commitments. The Municipality's strong credit profile and diversified funding sources ensure that sufficient liquid funds are maintained to meet its daily cash requirements. The Municipality's policy on counterpart credit exposures ensures that only counterparties of a high credit standing are used for the investments of any excess cash.

The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared.

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

30 June 2010	Not later than one month	One to three months
Trade and other payables	1 628 857	-
Consumer deposits	-	-
Provisions	-	-
Unspent conditional grants & receipts	50 000	1 099 169
	Later than three months	One to five years
Trade and other payables	1 626 556	2 344 456
Consumer deposits	-	7 100
Provisions	179 830	-
Unspent conditional grants & receipts	773 093	251 200

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

40 RISK MANAGEMENT (*continued*)

40.4 *Credit risk*

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors.

To manage the risk the Municipality has a credit control policy. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

Counterparties:

The Municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty. The Municipality has no significant concentration of credit risk with any single counterparty or a group of counterparties.

40.5 *Fair value of financial instruments*

At year end the carrying amounts of cash and short-term deposits, trade and other receivables and trade and other payables approximated their fair values due to the short-term maturities of these assets and liabilities.

41 RESTATEMENT OF COMPARATIVE INFORMATION

Various comparative figures have been restated in terms of the prior period errors note 33. The effect of the restatement is summarised in this note.

42 COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexures E(1) and E(2).

WATERBERG DISTRICT MUNICIPALITY

APPENDIX A SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2010

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 2009/06/30	Received during the period	Redeemed written off during the period	Balance at 2010/06/30	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
TOTAL EXTERNAL LOANS			-	-	-	-	-	-

WATERBERG DISTRICT MUNICIPALITY

APPENDIX B ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2010

	Cost/Revaluation				Accumulated Depreciation				Transfers	Carrying Value
	Opening Balance R	Additions R	Under Construction R	Disposals R	Closing Balance R	Opening Balance R	Depreciation R	Disposals R		
Land and Buildings										
Land	1 165 500	-	-	-	1 165 500	-	-	-	-	1 165 500
Buildings	29 232 905	542 990	3 312 601	(4 650)	33 083 846	2 741 551	779 210	(4 649)	3 516 112	29 567 734
	30 398 405	542 990	3 312 601	(4 650)	34 249 346	2 741 551	779 210	(4 649)	3 516 112	30 733 234
Other Assets										
Motor Vehicles	10 234 053	5 655 451	-	(941 023)	14 948 481	2 630 065	936 722	(396 116)	3 170 671	11 777 810
Computer equipment	2 675 448	701 778	-	(160 488)	3 216 738	1 234 430	485 692	(144 546)	1 575 576	1 641 162
Office equipment	1 080 388	151 984	-	(538 532)	693 840	837 747	76 639	(534 945)	379 441	314 399
Furniture and Fittings	1 767 198	527 318	-	(46 550)	2 247 966	1 045 863	212 195	(42 601)	1 215 457	1 032 509
Machinery	559 813	1 445 630	-	(1 150)	2 004 293	352 734	155 921	(788)	507 867	1 496 426
	16 316 900	8 482 161	-	(1 687 743)	23 111 318	6 100 839	1 867 169	(1 118 996)	6 849 012	16 262 306
TOTAL	46 715 305	9 025 151	3 312 601	(1 692 393)	57 360 684	8 842 390	2 646 379	(1 123 645)	10 365 124	46 995 540

Assets under construction includes the Lephalale Disaster Centre and the upgrade of the Abattoir.

WATERBERG DISTRICT MUNICIPALITY

APPENDIX C

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2010

	Cost						Accumulated Depreciation				Carrying Value		
	Opening Balance R	Additions R	Under Construction R	Disposals R	Transfers R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Transfers R	Closing Balance R	R	R
Budget & Treasury Office	470 804	146 991	-	(64 674)	(59 207)	495 714	308 582	50 374	(64 670)	(40 514)	253 772	241 942	
Municipal Manager	170 128	42 998	-	-	4 718	217 844	119 800	19 664	-	2 088	141 552	76 292	
Corporate Support & Shared Services	12 727 157	785 861	-	(865 726)	729 478	13 556 770	4 496 997	927 525	(684 467)	231 380	4 973 395	8 583 375	
Planning and Economic Development	114 292	37 071	-	(8 596)	82 536	227 303	60 368	33 161	(5 625)	32 213	120 137	107 166	
Infrastructure Development	335 626	7 480	-	(57 615)	(46 913)	238 558	204 532	31 821	(57 811)	(25 321)	153 421	65 137	
Executive Mayor's Office	1 930 185	1 309 264	-	(823 583)	(45 628)	2 370 217	1 019 242	354 273	(282 578)	(91 767)	999 170	1 371 047	
Social Development & Community Services	142 274	23 407	-	(264)	(15 231)	150 186	61 347	20 183	(263)	(9 666)	71 601	76 585	
Fire fighting	26 335 579	6 670 099	1 621 574	(30 000)	518 754	35 314 006	1 454 086	1 094 612	(9 000)	196 183	2 727 881	32 586 125	
Environmental Health	1 710 336	-	-	(23 935)	(1 171 655)	514 746	461 448	86 221	(19 411)	(297 670)	250 388	264 356	
PIMSS	-	-	-	-	-	-	-	-	-	-	-	-	
Abattoir	2 779 144	-	1 491 027	-	5 149	4 275 320	633 968	38 545	-	1 294	673 807	3 601 513	
TOTAL	46 716 305	9 025 151	3 312 601	(1 692 393)	-	57 360 664	8 842 390	2 646 379	(1 123 645)	-	10 365 124	46 995 540	

WATERBERG DISTRICT MUNICIPALITY

APPENDIX D

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010

2009 Actual Income R	2009 Actual Expenditure R	2009 Surplus/ (Deficit) R		2010 Actual Income R	2010 Actual Expenditure R	2010 Surplus/ (Deficit) R
80 734 005	6 430 751	74 303 254	Budget & Treasury	88 054 581	8 152 075	79 902 506
747 345	4 209 795	(3 462 450)	Municipal Manager	1 747 430	9 081 684	(7 334 254)
755 982	11 630 169	(10 874 187)	Corporate Support & Shared Services	295 927	9 269 094	(8 973 167)
1 213 950	12 588 377	(11 374 427)	Planning and Economic Development	3 542 822	8 517 776	(4 974 954)
1 710 459	19 548 151	(17 837 692)	Infrastructure Development	547 884	9 186 703	(8 638 819)
194 792	12 164 939	(11 970 147)	Executive Mayor's Office	25 000	12 694 417	(12 669 417)
-	2 136 500	(2 136 500)	Social Development & Community Services	-	797 869	(797 869)
462 053	4 039 227	(3 577 174)	Disaster Management	157 234	9 087 521	(8 930 287)
6 438 204	8 084 468	(1 646 264)	Environmental Health	7 451 000	9 197 597	(1 746 597)
1 062 495	2 953 493	(1 890 998)	Abattoir	868 581	3 055 797	(2 187 216)
93 319 285	83 785 870	9 533 415	TOTAL	102 690 459	79 040 533	23 649 926

WATERBERG DISTRICT MUNICIPALITY

UNAUDITED INFORMATION - APPENDIX E(1) ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2010

REVENUE	2010 Actual R	2010 Budget R	2010 Variance R	2010 Variance %	Explanation of Significant Variances greater than 10% versus Budget
Abattoir service charges	833 918	1 024 500	(190 582)	-19%	Abattoir income is lower than budgeted due to a lower than budgeted throughput
Rental of facilities and equipment	-	45 000	(45 000)	-100%	There was no tenant during the year to occupy the vacant office space
Interest earned - external investments	8 628 145	7 915 000	713 145	9%	
Interest earned - outstanding debtors	34 753	30 000	4 753	16%	Client and tenant that gave notice at the abattoir did not settle their accounts on departure. The disputes remain unresolved.
Government grants and subsidies	93 075 424	94 063 684	(988 260)	-1%	
Other income	116 773	72 252	44 521	62%	Insurance claims not budgeted for as theft was not predicted.
Reversal on provision for bad debt	1 446	-	1 446		RSC debts written off as bad debts was recovered by the lawyers.
Total Revenue	102 690 459	103 150 436	(459 977)		
EXPENDITURE					
Employee related costs	(32 171 368)	(38 580 824)	6 409 456	-17%	The underspending is due to vacancies that existed in the departments.
Remuneration of Councillors	(3 791 832)	(3 797 525)	5 694	0%	
Post-retirement health care expenditure	(469 682)	-	(469 682)		The effect of implementation of IAS 19 Employee Benefits defined benefit valuations were not budgeted.
Long-service award expenditure	(190 978)	-	(190 978)		The effect of implementation of IAS 19 Employee Benefits defined benefit valuations were not budgeted.
Bad debt	(44 786)	(50 000)	5 214	-10%	Provision for bad debts was slightly overbudgeted as no new disputes occurred.
General expenses	(11 239 867)	(13 932 583)	2 692 716	-19%	Mainly due to underspending on legal fees, subsistence & travel finance management and municipal system improvement grant expenditure and training. The underspending on certain votes such as subsistence & travel is due to austerity measures implemented.
Repairs & Maintenance	(486 445)	(527 380)	40 935	-8%	
Fire Fighting	(5 904 908)	(8 803 741)	2 898 833	-33%	Lephalale Local Municipality was over budgeted and various municipalities appointed employees for the new positions identified only in the second half of the budget year and some positions are still vacant.
Project expenditure	(21 590 715)	(28 089 160)	6 498 445	0%	Under spending of projects identified during the Adjustment Budget due to late appointments and under spending of certain disaster projects due to time delays as certain parts are imported
Depreciation and amortisation	(2 933 430)	(3 018 000)	84 570	-3%	
Loss on disposal of Property, Plant and Equipment	(216 522)	-	(216 522)		Assets written off after annual fixed asset count was not budgeted for. Loss on trade-in of mayoral vehicle was not budgeted for.
Total Expenditure	(79 040 533)	(96 799 213)	17 758 681		
NET SURPLUS FOR THE YEAR	23 649 926	6 351 223	17 298 703		

WATERBERG DISTRICT MUNICIPALITY

UNAUDITED INFORMATION - APPENDIX E(2)

ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2010

	<u>2010 Actual</u>	<u>2010 Under Construction</u>	<u>2010 Revaluation</u>	<u>2010 Total Additions</u>	<u>2010 Budget</u>	<u>2010 Variance</u>	<u>2010 Variance</u>	<u>Explanation of Significant Variances greater than 10% versus Budget</u>
	R	R		R	R	R	%	
Land and Buildings								
Land	-	-	-	-	-	-	-	
Buildings	542 990	3 312 601	-	3 855 591	4 799 283	(943 692)	-20%	Delays experienced in the appointment of Phase 2 of the Upgrade of the Abattoir.
Other Assets								
Motor Vehicles	5 655 451	-	-	5 655 451	6 690 683	(1 035 232)	-15%	Under spending of certain disaster vehicles procured due to time delays as certain parts are imported. There was no need to procure a mayoral vehicle.
Computer Equipment	701 778	-	-	701 778	1 107 214	(405 436)	-37%	Computer equipment purchased on behalf of local municipalities is not capitalised. Procurement of certain software programs are not yet completed.
Office Equipment	151 984	-	-	151 984	650 000	(498 016)	-77%	There was a delay in the procurement of photocopier machines due to the significant price increases.
Furniture and Fittings	527 318	-	-	527 318	1 528 146	(1 000 828)	-65%	The opening of the Lephalale Disaster Centre was delayed and there with also the procurements of its furniture.
Machinery	1 445 630	-	-	1 445 630	1 543 216	(97 586)	-6%	
TOTAL	9 025 151	3 312 601	-	12 337 752	16 318 542	(3 980 790)		